

## Message Text

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INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

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COME-00 EB-07 LAB-04 SIL-01 /071 W

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E.O.\*911652 N/A

TAGS. PGOV, OINT, EGEN, UK

SUBJECT: SPENDING CUTS TRIGGER LEFT-WING FURY

SUMMARY - THE GOVERNMENT'S PROPOSED CUTS IN PUBLIC EXPENDITURES PROVOKED THE RESIGNATION OF LEFT-WING JUNIOR MINISTER JOAN LESTOR AND SHARP ATTACKS FROM OTHER LABOR PARTY LEFTISTS WHO CHARGED THAT WHITE PAPER PROPOSALS REPRESENT REPUDIATION OF LABOR PARTY MANIFESTO. RESISTANCE

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TO CUTS IS LIKELY TO BE CENTERED IN LABOR PARTY'S NATION-

NAL EXECUTIVE COMMITTEE (NEC) WHERE THE LEFT REIGNS SUPREME, BUT THE LEFTISTS ARE ALSO EXPECTED TO CARRY FIGHT TO HOUSE OF COMMONS AND TO SEEK TRADE UNION REJECTION OF THE PROPOSALS. AS LONG AS THE GOVERNMENT CAN RETAIN THE SUPPORT OF THE TUC AND THE MAJORITY OF THE PARLIAMENTARY LABOR PARTY (PLP), NEITHER OF WHICH APPEAR SERIOUSLY THREATENED AT THE MOMENT, LEFT-WING FURY IS LIKELY TO ACCOMPLISH LITTLE. HOWEVER, IF SOME LEFTIST MPS ABSTAIN OR VOTE AGAINST GOVERNMENT ON FINANCE BILL IMPLEMENTING CUTS AND CONSERVATIVES MAKE CONCERTED EFFORT TO DEFEAT THE BILL, APPARENTLY AN UNLIKELY EVENTUALITY, THE GOVERNMENT WOULD BE IN TROUBLE. END SUMMARY.

1. EDUCATION MINISTER JOAN LESTOR, A MEMBER OF THE LEFT-WING TRIBUNE GROUP. RESIGNED FEBRUARY 21, STATING THAT SHE COULD NOT SUPPORT THE PUBLIC EXPENDITURE CUTS PROPOSED IN THE GOVERNMENT'S RECENT WHITE PAPER (REF A). OTHER TRIBUNITES (INCLUDING FORMER MINISTERS JUDITH HART AND ERIC HEFFER) SCORED GOVERNMENT PROPOSALS AS REPUDIATION OF PARTY PROGRAM AND ELECTION MANIFESTO. AND CALLED FOR LABOR MOVEMENT TO RESIST CUTS AS IT RESISTED PREVIOUS LABOR GOVERNMENT'S INDUSTRIAL RELATIONS REFORMS ("IN PLACE OF STRIFE") IN 1968. AS LESTOR, HART AND HEFFER ARE ALL MEMBERS OF LEFTIST-DOMINATED NEC, THE DISSIDENTS ARE EXPECTED TO BRING PRESSURE ON GOVERNMENT THROUGH PARTY CHANNELS -- THE PRESS REPORTS THEY WILL SEEK SPECIAL PARTY CONFERENCE TO DEBATE THE WHITE PAPER.

2. TRIBUNE GROUP WILL ALSO CARRY FIGHT TO COMMONS WHERE THEY ARE VOCAL MINORITY IN PARLIAMENTARY LABOR PARTY (PLP) THOUGH ATTACKS ON GOVERNMENT IN THAT FORUM CAN BE IRRITATING AND POLITICALLY EMBARRASSING, THE ONLY REAL DANGER LIES IN THE LEFTISTS WITHHOLDING THEIR SUPPORT FROM GOVERNMENT WHEN THE ISSUE COMES TO A VOTE. TRIBUNE LEADER ARTHUR LATHAM FEBRUARY 22 THREATENED JUST THAT. TRIBUNE GROUP IS ALSO EXPECTED TO MOUNT MAJOR EFFORT TO PERSUADE TRADE UNIONS TO JOIN ITS ATTACK ON SPENDING CUTS. CHANCELLOR HEALEY IS SCHEDULED TO DISCUSS WHITE PAPER WITH PLP FEBRUARY 05. AND IT IS EXPECTED TO BE VITRIOLIC SESSION. THERE IS LITTLE DOUBT. HOWEVER, THAT MAJORITY OF LIMITED OFFICIAL USE

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PLP WILL ENDORSE PROPOSED CUTS.

3. LABOR PARTY/TUC LIAISON COMMITTEE IS EXPECTED TO DISCUSS WHITE PAPER AT ITS REGULAR FEBRUARY 23 MEETING. WHILE SEVERAL LEADING TRADE UNIONISTS -- NOTABLY THOSE WITH LARGE PUBLIC SECTOR MEMBERSHIPS (REF B) -- HAVE ROUNDLY CONDEMNED CUTS, TUC LEADERSHIP HAS KEPT LOW PROFILE. OVER WEEKEND, TRANSPORT WORKERS LEADER JACK JONES

TOLD BELFAST WORKERS THAT GOVERNMENT'S ANTI-INFLATION PROGRAM MERITED THEIR SUPPORT, BUT ADDED THAT THERE IS CLEAR CASE FOR INCREASED PUBLIC EXPENDITURE IN SOME SECTORS' NOTABLY HOUSING AND PUBLIC TRANSPORTATION. JONES ALSO INDICATED TUC WILL SEEK SOME ADJUSTMENTS IN PROPOSED CUTS (E.G., ELIMINATION OF PHASE OUT OF FOOD SUBSIDIES). AT THIS POINT IT SEEMS DOUBTFUL THAT TUC IS PREPARED REPUDIATE GOVERNMENT'S PROPOSALS. BUT THAT OPTION WILL PROBABLY COME UP AT FEBRUARY 25 MEETING OF TUC GENERAL COUNCIL.

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4. COMMENT: THE LESTOR RESIGNATION WAS NOT UNEXPECTED; SHE HAS BEEN DISSATISFIED WITH GOVERNMENT POLICIES FOR SOME TIME, AND THE PROPOSED SPENDING CUTS PROVIDED AN OPPORTUNITY TO MAKE THE BREAK. THERE HAS ALSO BEEN SPECULATION THAT ENERGY SECRETARY TONY BENN MIGHT RESIGN OVER CUTS, BUT MOST OBSERVERS BELIEVE HE WILL STAY ON. SOME TRIBUNE GROUP SOURCES HAVE SUGGESTED THAT BY REMAINING IN CABINET BENN WILL SERIOUSLY DAMAGE HIS STANDING WITH THE LEFT-WING, REDUCING HIS FUTURE CHANCES OF GAINING LEADERSHIP OF LABOR PARTY. THE LEFT-WINGERS WILL CER-

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TAINLY DO THEIR BEST TO MAKE LIFE UNPLEASANT FOR WILSON AND THE GOVERNMENT, BUT THEY WILL NEED THE FULL-HEARTED COOPERATION OF THE CONSERVATIVE PARTY IN ORDER TO FRUSTRATE THE GOVERNMENT'S PLANS. WITHOUT A FULL-SCALE CONSERVATIVE EFFORT TO DEFEAT THE GOVERNMENT ON THE LEGISLATION IMPLEMENTING THE CUTS, AND WE DOUBT THAT THE TORIES ARE PREPARED TO GO THAT FAR ON THIS ISSUE, TRIBUNITE ABSTENTIONS OR EVEN NAY VOTES WILL HAVE LITTLE DIRECT EFFECT. ONE PLACE WHERE THE CONFLICT OVER SPENDING MAY BE FELT, HOWEVER, IS THE FORTHCOMING COVENTRY BY-ELECTION WHICH LABOR NEEDS TO WIN IN ORDER TO HOLD ITS NARROW MAJORITY IN COMMONS. IF LEFT-WING LABOR SUPPORTERS STAY AWAY FROM THE POLLS' THE CONSERVATIVES MIGHT VERY WELL PICK UP THAT SEAT.

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**TAGS:** PGOV, PINT, EGEN, UK, LABOR PARTY  
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